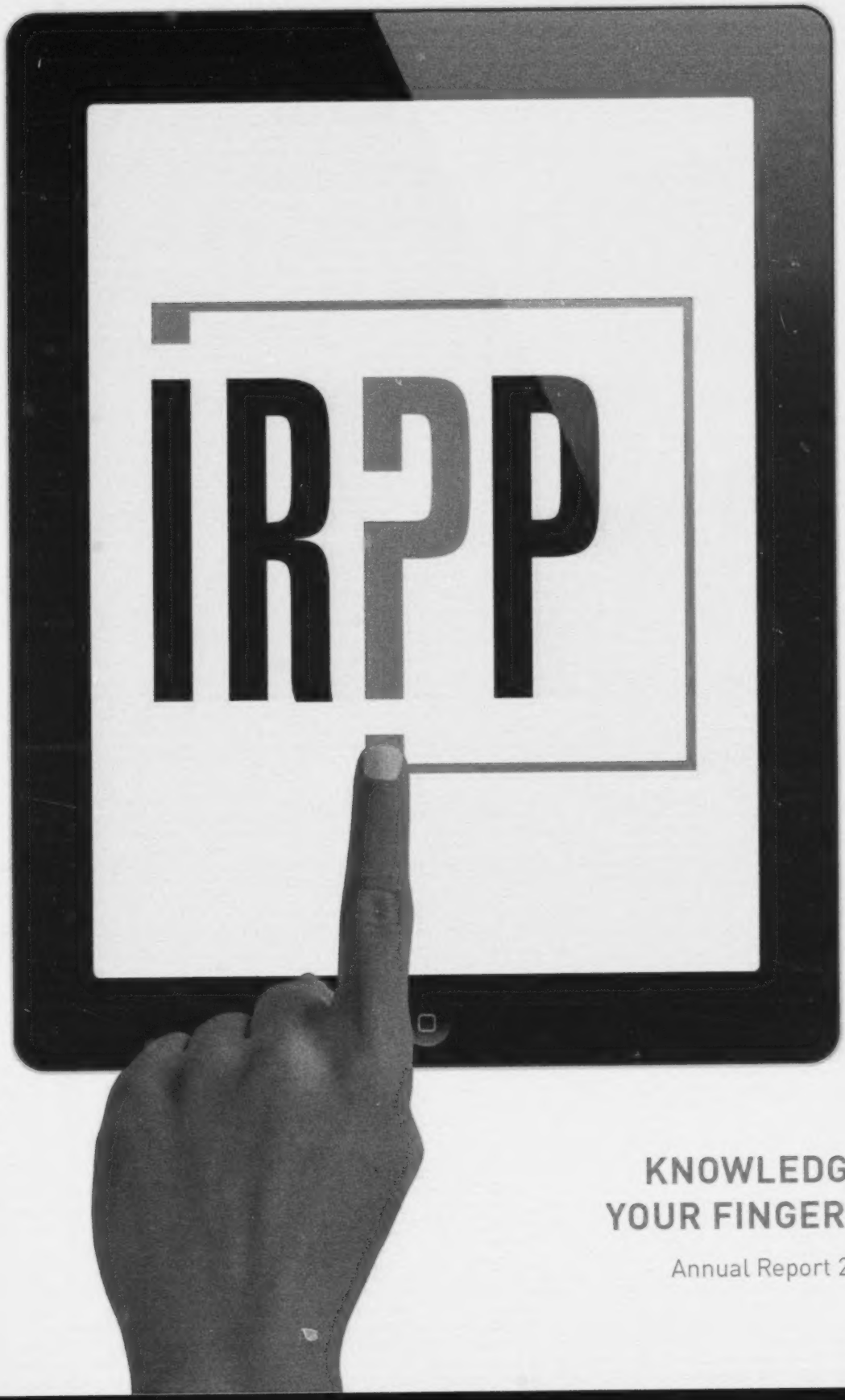
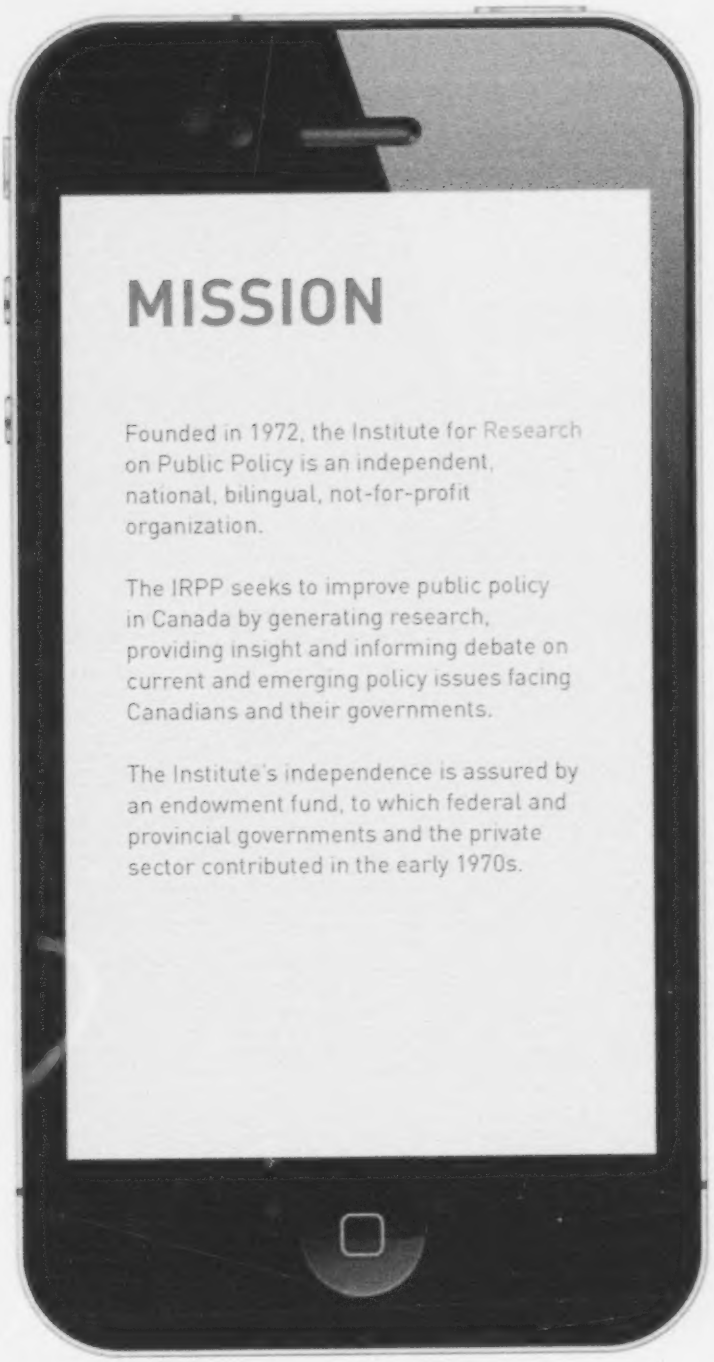


KNOWLEDGE AT YOUR FINGERTIPS

Annual Report 2015-16

IRPP

INSTITUTE FOR RESEARCH
ON PUBLIC POLICY


MISSION
Founded in 1972, the Institute for Research on Public Policy is an independent, national, bilingual, not-for-profit organization.
The IRPP seeks to improve public policy in Canada by generating research, providing insight and informing debate on current and emerging policy issues facing Canadians and their governments.
The Institute's independence is assured by an endowment fund, to which federal and provincial governments and the private sector contributed in the early 1970s.

BOARD OF DIRECTORS

Chair: Graham Scott, Toronto
Vice-Chair: Anne McLellan, Edmonton

Françoise Bertrand, Montreal
David N. Biette, Washington, DC
Kim Brooks, Halifax
Ian D. Clark, Toronto
Michael Decter, Toronto
Alain Dubuc, Montreal
Mary Lou Finlay, Toronto
Jock Finlayson, Vancouver
Graham Fox (President), Montreal
Lea Hansen, Toronto
Peter Harder, Ottawa (to March 2016)
George E. Lafond, Victoria
Paul M. Tellier, Montreal

FINANCIAL HIGHLIGHTS

Year ended March 31, 2016 (thousands of dollars)

	2016	2015	2014
Operational budget	2,410	2,258	2,268
Expenses	2,283	2,258	2,341
Operational budget over/under expenses	127	0	(73)

35
PUBLICATIONS

16
EVENTS

179
POLICY OPTIONS
ARTICLES

MEDIA MENTIONS

Stories
1,045 ⬆48%

Op-eds
14 ⬆133%

WEBSITE ACTIVITY

Page views
763,891
⬆57%

Users
325,581
⬆46%

Downloads
21,366
⬆24%

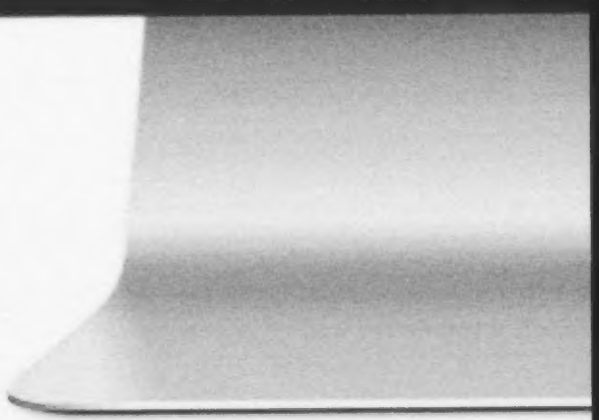
PUBLIC ENGAGEMENT BY IRPP EXPERTS

8
Public presentations

2
Stakeholder consultations

6
Parliamentary activity

2015-16 IN REVIEW



IRPP

SOCIAL NETWORKS

Twitter followers

5,975

↑73%

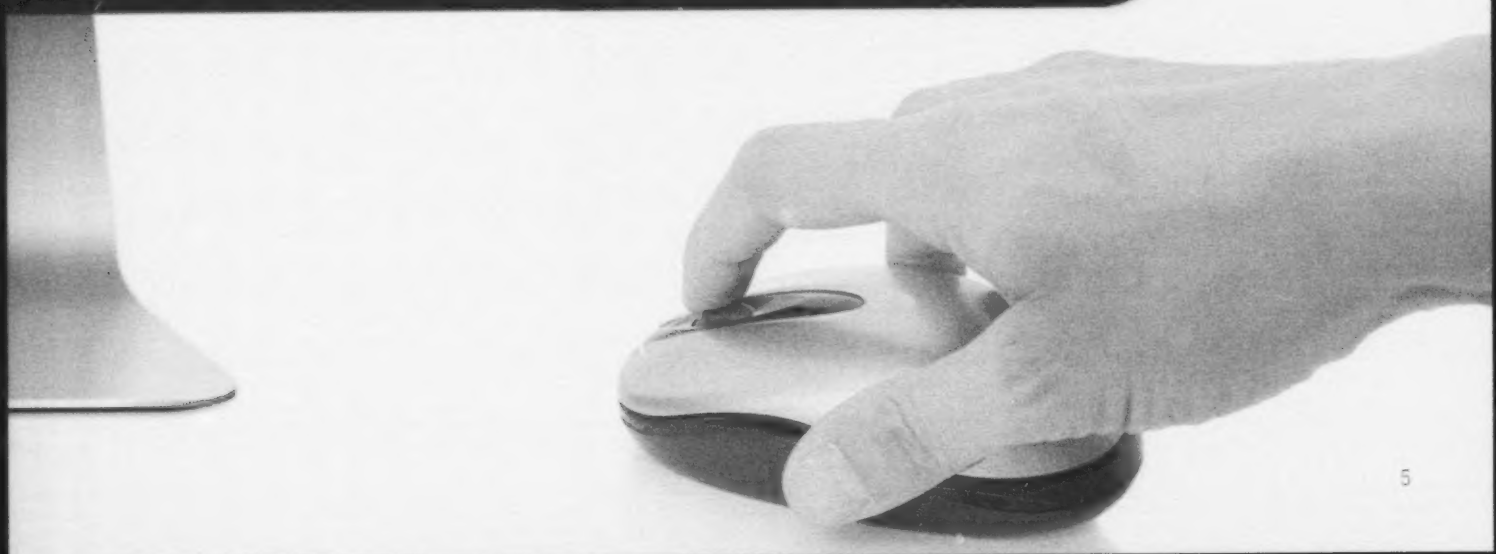
Facebook likes

676

↑68%

REFERENCES TO RESEARCH

Academic journal articles	132
Policy reports (other think tanks)	13
Federal government publications	10



MESSAGE FROM THE CHAIR OF THE BOARD OF DIRECTORS

GRAHAM SCOTT

The IRPP has had another banner year of innovative research and thought-provoking events, which took us across the country, expanded our networks and enriched our thinking on emerging policy challenges. Thanks to our wonderful team of dedicated staff, the Institute produced more this year than in any other year for over a decade. On behalf of the Board, I want to thank the IRPP staff for their hard work and commitment to our mission.

Turning to the business of the Board, directors Jock Finlayson and Lea Hansen have agreed to serve a second four-year term. Lea will become chair of the Investment Committee, and Ian Clark will become chair of the Finance and Audit Committee. In March 2016, midway into his first term as a director, Peter Harder resigned after he was appointed the government's representative in the Senate. We also bid farewell to Paul Tellier, who has completed his second four-year term as a director. Paul served as chair of the Finance and Audit Committee. On behalf of the Board, I wish to thank Peter and Paul for their invaluable contributions to the Institute.

This year will be Raymond Chabot Grant Thornton's 10th and last audit. We thank them for the years of excellent service. We look forward to working with our new auditing firm, Nexia Friedman.

Finally, I wish to extend my appreciation to my fellow directors for their hard work and dedication to the IRPP. We share a commitment to excellence in public policy research, and I look forward to another great year working together.

MESSAGE FROM THE PRESIDENT

GRAHAM FOX

Since its inception in 1972, the IRPP has been at the heart of the policy debates that have shaped our country. In recent years, our focus has been on the policy challenges associated with the aging of Canada's population, its growing diversity and pluralism, and the impact on our economy of rapidly changing patterns of global trade and production. As governments grapple with ever more complex issues, we believe the need for independent research and evidence-informed policy-making is greater than ever.

It's been an exceptionally productive year for the Institute. Over the last 12 months, the Institute published 35 studies and reports and 179 *Policy Options* articles, and it held 16 events across Canada. Media coverage of these activities increased by 48 percent this year, with a total of 1,045 news stories. Page views of irpp.org also increased by 57 percent, reaching 763,891.

Our signature accomplishment this year is the conclusion of our three-year Art of the State research initiative on income inequality, which culminated with the publication of *Income Inequality: The Canadian Story*, the first edited volume we have produced since 2009. The initiative was launched in 2013 to generate Canada-specific data on income inequality trends, and to propose policy solutions that are tailored to the Canadian context. On behalf of my IRPP colleagues, I want to thank the University of British Columbia economists David Green and Craig Riddell for their thought leadership and expertise as co-editors for the volume, and our very own France St-Hilaire, who directed this singularly successful project and co-edited the volume.

In addition to the research programs described in this report, our consultation projects this year explored the future of leaders' debates in federal elections (in collaboration with Carleton University's School of Journalism and Communication and Clayton H. Riddell Graduate Program in Political Management), recommended ways governments can make better use of science advice in policy-making (in partnership with the Canadian Academy of Engineering), examined how governments can improve income and employment support for Canadians living with illness and proposed reforms to deal more effectively with white-collar crime. And in the lead-up to last fall's federal election, our Task Force on Aging proposed a comprehensive national seniors strategy for Canada.

This year also saw the conclusion of one research program and the creation of a new one. Our program on Immigration, Integration and Diversity has wound down, with the release of its last study in November 2015. Since its inception in 2001, the program produced 38 papers and held numerous conferences, panel events and workshops that contributed to the public debate on a broad range of topics, from immigrants' economic outcomes to integration programs and temporary foreign workers. We also launched an ambitious new research program, entitled Canada's Changing Federal Community. With a major focus on Indigenous perspectives, the program will examine the state of federal institutions, the relationship between governments and regions, public attitudes toward the federal ties that bind and fiscal federalism.

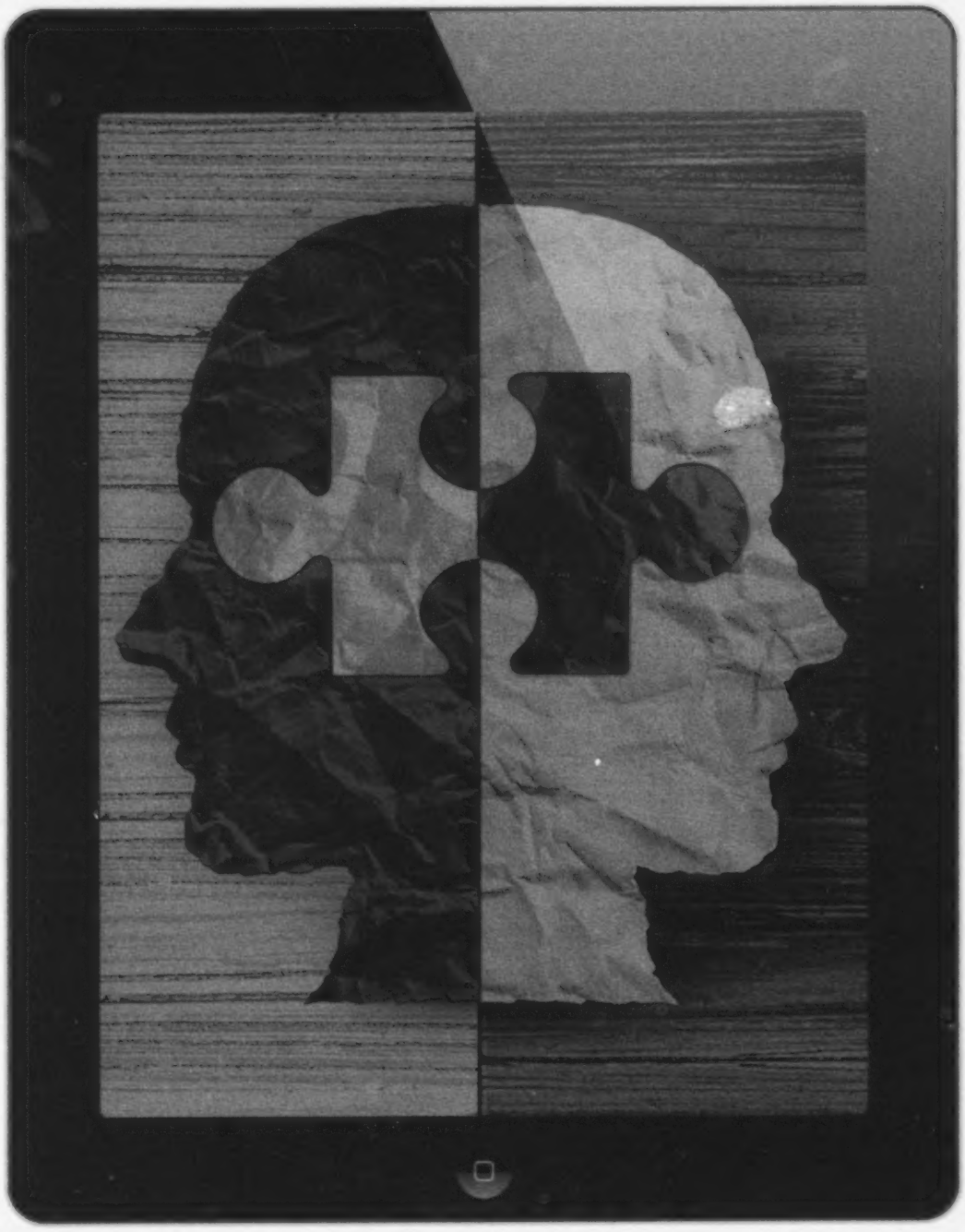
In March, the IRPP welcomed the award-winning journalist Jennifer Ditchburn as editor-in-chief of *Policy Options*. One of Canada's most respected analysts of politics and public policy, Jennifer brings to the magazine two decades of experience covering national debates from the Parliamentary Press Gallery and a deep understanding of the complex policy issues facing governments. After an incredibly successful year at the helm of *Policy Options*, Dan Gardner left to write his next book and take on a new assignment with the Prime Minister's Office. During his time at the IRPP, Dan completed the magazine's transition to a fully digital platform for public policy debate. We thank him for his tremendous contribution and wish him every success.

We also bid farewell to research director Tyler Meredith, who left the IRPP earlier this year to take up an exciting opportunity in the Prime Minister's Office. His contributions to our work on pension reform and skills and labour market policy have provided a long-term analytical perspective on the policy challenges that will arise over the next decade as labour markets respond to population aging and evolving skill needs.

As decision-makers consider the policy options to meet those challenges, the IRPP will continue to do its part to ensure our governments have access to the highest quality research to help them make choices informed by the best evidence available.

DIVERSITY, IMMIGRATION AND INTEGRATION

Research director F. LESLIE SEIDLE



37

MEDIA MENTIONS

In light of the growing contribution of permanent and temporary migration to Canada's labour force, it is important to understand the barriers newcomers face and explore ways to improve their economic integration and participation in Canadian life. This research program concluded at the end of 2015.

Temporary or Transitional? Migrant Workers' Experiences with Permanent Residence in Canada

There has been considerable debate in recent years about the increase in the number of temporary foreign workers (TFWs), their rights, their working conditions and, for many, the lack of access to permanent residence. In their study Delphine Nakache and Leanne Dixon-Perera examine a number of these challenges, and they recommend ending the four-year maximum stay for most TFWs and extending access to permanent residence to lower-skilled workers.

Seeing the Same Canada? Visible Minorities' Views of the Federation

Canada's visible minority groups account for almost 20 percent of the country's population. Their integration is a multifaceted process that includes acceptance of widely shared values, say Antoine Bilodeau and his co-authors. Based on extensive new survey research, the authors show that, compared with the majority population, members of visible minority groups as a whole have a stronger sense of loyalty to the federal government than to provincial governments and show greater support for Canada's national policies.

PUBLICATIONS

IRPP Study: *Ethnocultural Minority Enclaves in Montreal, Toronto and Vancouver*
Daniel Hiebert (August 19, 2015)

IRPP Study: *Temporary or Transitional? Migrant Workers' Experiences with Permanent Residence in Canada*
Delphine Nakache and Leanne Dixon-Perera (October 27, 2015)

IRPP Study: *Seeing the Same Canada? Visible Minorities' Views of the Federation*
Antoine Bilodeau, Luc Turgeon, Stephen E. White and Ailsa Henderson (November 18, 2015)

EVENT

Workshop
"L'interculturalisme québécois dans le contexte du multiculturalisme canadien"
(April 29, 2015, Montreal)

PUBLIC AND STAKEHOLDER ENGAGEMENT

The Hague
Leslie gave a presentation on the civic integration of Canada's immigrants and refugees at a round table in The Hague, organized by the Canadian Embassy and The Hague Institute for Global Justice.

Berlin
At a round table and panel discussion organized by the Canadian embassy and the Forum of Federations, Leslie presented on the integration of Canada's immigrants and refugees.

Vienna
Leslie discussed Canada's Syrian refugee initiative at a round table organized by the Canadian embassy and the Austrian Ministry of European and International Affairs.

POLICY IMPACT

Since 2001, this research program has stimulated public debate on a broad range of topics, from immigrants' economic outcomes to integration programs, ethnocultural enclaves and interculturalism in Quebec. Over the years we published 38 papers and held numerous conferences, panel events and workshops that contributed to policy development in these important areas.

Temporary Foreign Worker Program
Debate continues about most TFWs' lack of access to permanent residence and their the hiring rules and working conditions, as well as the impact of the employer caps and revised enforcement procedures introduced in 2014. The IRPP's research on this topic has been consulted widely, including by federal officials involved in policy development. Justin Trudeau's government has promised a thorough review of the Temporary Foreign Worker Program.

FACES OF AGING

Research directors NICOLE F. BERNIER and TYLER MEREDITH

193 MEDIA MENTIONS

Population aging presents a host of complex social and economic challenges for governments at all levels. The Faces of Aging program examines this demographic phenomenon and its implications for public policy and society at large.

Designing a National Seniors Strategy for Canada

Over the next two decades the number of Canadians aged 65 years and older is expected to double, and governments across Canada are grappling with the implications for public policy. In the lead-up to the federal election, the IRPP led a national consultation to articulate a seniors strategy for Canada. This report is the result of that consultation. Drawing from a comprehensive review of the latest research and a series of interviews with experts and stakeholders, as well as a round table discussion, the report makes the case that the federal government must play a leadership role in establishing a national seniors strategy that goes beyond health care, to include age-friendly communities, social and economic policy, and the social determinants of health. The consultation was led by the IRPP's Task Force on Aging, whose members were Graham Fox (president and CEO of the IRPP), Scott Haldane (president and CEO of YMCA Canada), Anne McLellan (former deputy prime minister and federal minister of health, senior adviser at Bennett Jones LLP and vice-chair of the IRPP's board of directors), Samir Sinha (director of geriatrics at Mount Sinai and the University Health Network Hospitals in Toronto) and Mark Taylor (councillor and deputy mayor of the City of Ottawa).

Caregiving for Older Adults with Disabilities: Present Costs, Future Challenges

Families are struggling to meet conflicting demands of paid work and caregiving. People who provide more hours of care are more likely to quit their jobs and may even be fired, putting them at greater risk of experiencing poor social, economic and health outcomes, says Janet Fast, the author of this study. While some employers offer supports such as flexible work hours and direct compensation, employees with adult care responsibilities are generally not offered the same supports as new parents. The author calls for a comprehensive strategy to support family caregivers, based on four pillars: recognizing caregivers and their rights; adequate, accessible and affordable services for care receivers and caregivers; work-care reconciliation measures; and ways to protect caregivers' income security.

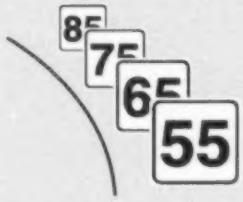
PUBLIC AND STAKEHOLDER ENGAGEMENT

Canadian Pension and Benefits Institute's annual conference

Tyler and Nicole, as well as IRPP author Michel Grignon, participated in an expert panel on the impact of policy responses to population aging in Quebec on pensions, employee benefits and the institutional investment sector.

Evidence Network

Nicole continued to collaborate with the Evidence Network, a project that links media organizations with health policy experts to provide access to credible, evidence-based information. Her op-eds appeared 26 times in English and French outlets across the country.



PUBLICATIONS

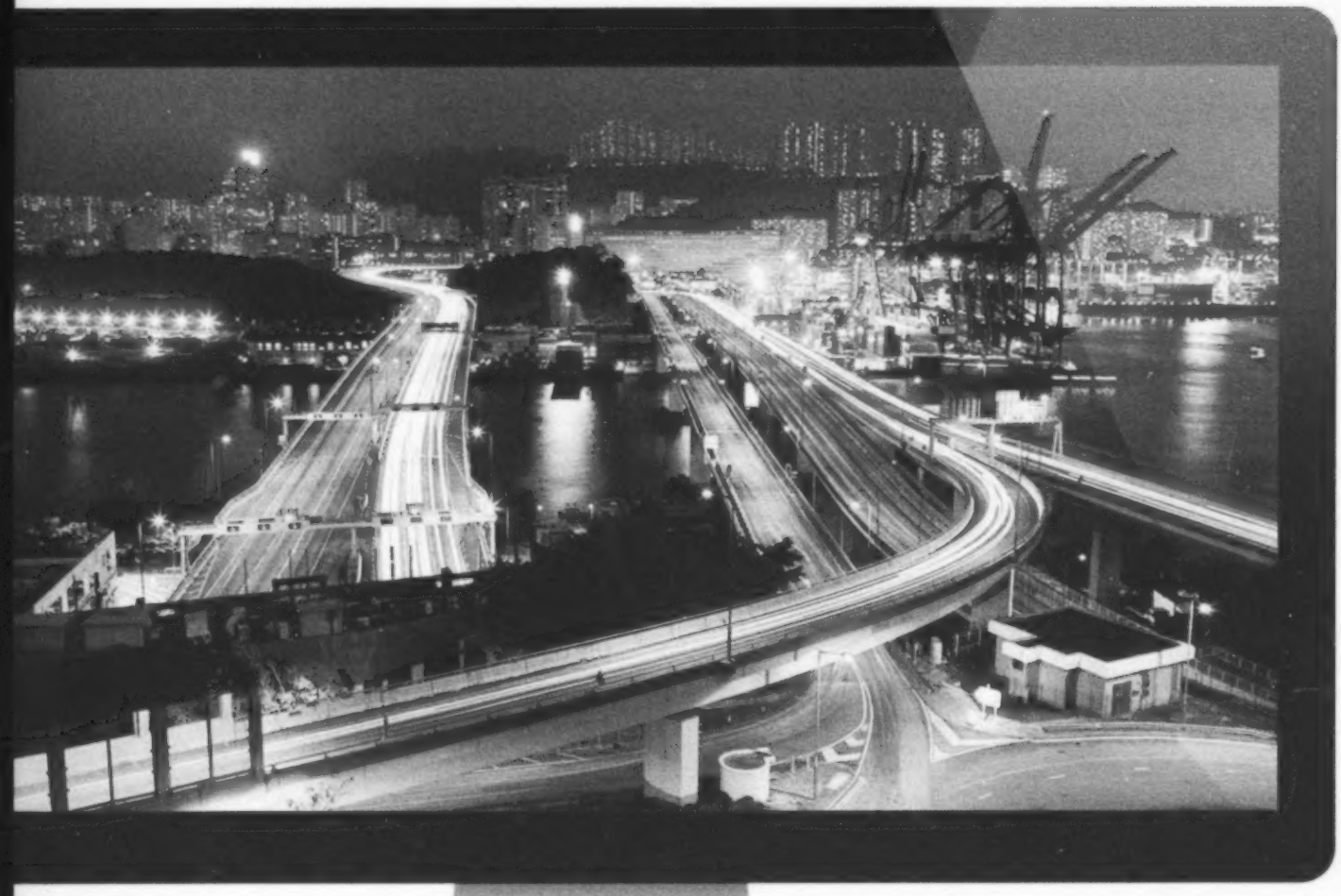
Report: *Designing a National Seniors Strategy for Canada* IRPP Task Force on Aging (October 7, 2015)

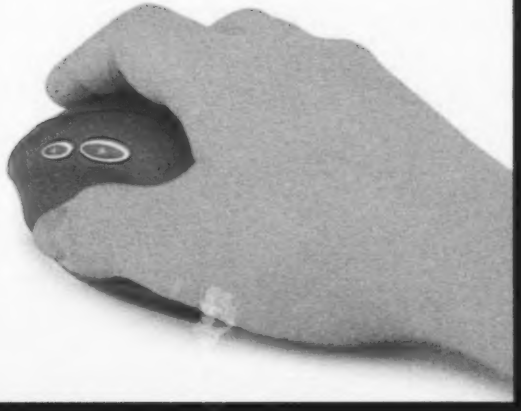
IRPP Study: *Caregiving for Older Adults with Disabilities: Present Costs, Future Challenges* Janet Fast (December 16, 2015)

IRPP Study: *Integrating Long-Term Care into a Community-Based Continuum: Shifting from "Beds" to "Places"* A. Paul Williams, Janet Lum, Frances Morton-Chang, Kerry Kuluski, Allie Peckham, Natalie Warrick and Alvin Ying (February 18, 2016)

INTERNATIONAL TRADE AND GLOBAL COMMERCE

Research director STEPHEN TAPP





MEDIA MENTIONS

This research program examines how changes in global trade and investment, technology, and economic and geopolitical power are affecting Canada and what this means for policy. The ultimate objective is to foster the development of a forward-looking, medium-term policy agenda that will enable Canada to engage more effectively in the global economy.

The Future of Canada's Relationship with China

The world has been transformed by China's rise as a global power. Yet China remains an enigma to most Canadians. After a decade of sporadic engagement between the two countries it's time to rethink our approach, say the authors of this essay, foreign policy experts Wendy Dobson and Paul Evans. They make a compelling case for why Canada must engage China more effectively, and provide a forward-looking framework for that engagement. Published in partnership with the Munk School of Global Affairs, the study was released ahead of the first official meeting between the Canadian and Chinese leaders. Dobson and Evans' work informed important policy debates on the implications for our country of the emergence of this global power.

ADVANCE RELEASES

Redesigning Canadian Trade Policies for New Global Realities

"Global Value Chains and the Rise of a Supply Chain Mindset"
Ari Van Assche (April 28, 2015)

"Leveraging Global Supply Chains in Canadian Trade Policy"
Emily J. Blanchard (May 7, 2015)

"Chasing the Chain: Canada's Pursuit of Global Value Chains"
Daniel Koldyk, Lewis M. Quinn and Todd Evans (May 20, 2015)

"International Trade with Firm Heterogeneity: Theoretical Developments and Policy Implications"
Beverly Lapham (May 28, 2015)

"Trade and Productivity: Insights from Canadian Firm-Level Data"
John R. Baldwin and Beiling Yan (May 28, 2015)

"International Regulatory Cooperation in a Supply Chain World"
Bernard Hoekman (August 31, 2015)

"Trade and Sustainable Development"
Scott Vaughan (September 24, 2015)

"How to Promote Smart Exporting among Canadian Companies"
Bill Currie (November 10, 2015)

"How Business Can Help Free Trade"
Perrin Beatty and Cam Vidler (November 16, 2015)

PUBLIC AND STAKEHOLDER ENGAGEMENT

House of Commons Standing Committee
Stephen Tapp participated in the House of Commons Standing Committee on Finance consultations for the 2016 budget.

Canadian Association for Business Economics
In his presentation at the 2016 spring policy conference, Stephen discussed the future of international trade and investment.

Canadian Economics Association annual meeting
The IRPP presented research from its forthcoming book *Redesigning Canadian Trade Policies for New Global Realities*. The book's editors, Stephen Tapp, Ari Van Assche and Robert Wolfe, discussed some of the research in the volume.

Does Canada Need Trade Adjustment Assistance?

Trade liberalization offers long-term economic benefits, but trade agreements can entail difficult adjustments for some firms and workers. As Canada seeks to implement two major trade deals, the issue of whether to offer government compensation and how best to do it has moved front and centre. Dmitry Lysenko and Saul Schwartz, the authors of this study, say that the current policy approach has a critical shortcoming: because they reward the most critical and vocal stakeholders, trade-related compensation decisions are largely based on political and not necessarily economic considerations. They argue that instead of supporting specific interests and sectors, a better way forward for governments would be to broaden the social safety net for all workers that need help, whether because of specific trade agreements, technological change, job loss due to increased competition from emerging economies or other factors.

ADVANCE RELEASES [cont.]

"New International Evidence on Canada's Participation in Global Value Chains"
Koen De Backer and Sébastien Miroudot
(February 17, 2016)

"By Road, Rail, Sea and Air: The Role of Transportation Networks in Moving Canada's Merchandise Trade"
Jacques Roy (February 29, 2016)

"The Supply Chain Echo and Its Effects on Canadian Businesses"
Joy Nott (March 1, 2016)

"Global Value Chain Participation and the Productivity of Canadian Manufacturing Firms"
John R. Baldwin and Beiling Yan
(March 17, 2016)

"Canada's Global Firms and the Future of Trade Policy"
John Manley and Brian Kingston
(March 18, 2016)

PUBLICATIONS

IRPP Study: *The Potential to Grow Canada-India Economic Linkages: Overlooked or Oversold?*
Someshwar Rao and Stephen Tapp
(August 20, 2015)

Policy Horizons Essay: *The Future of Canada's Relationship with China*
Wendy Dobson and Paul Evans
(November 17, 2015)

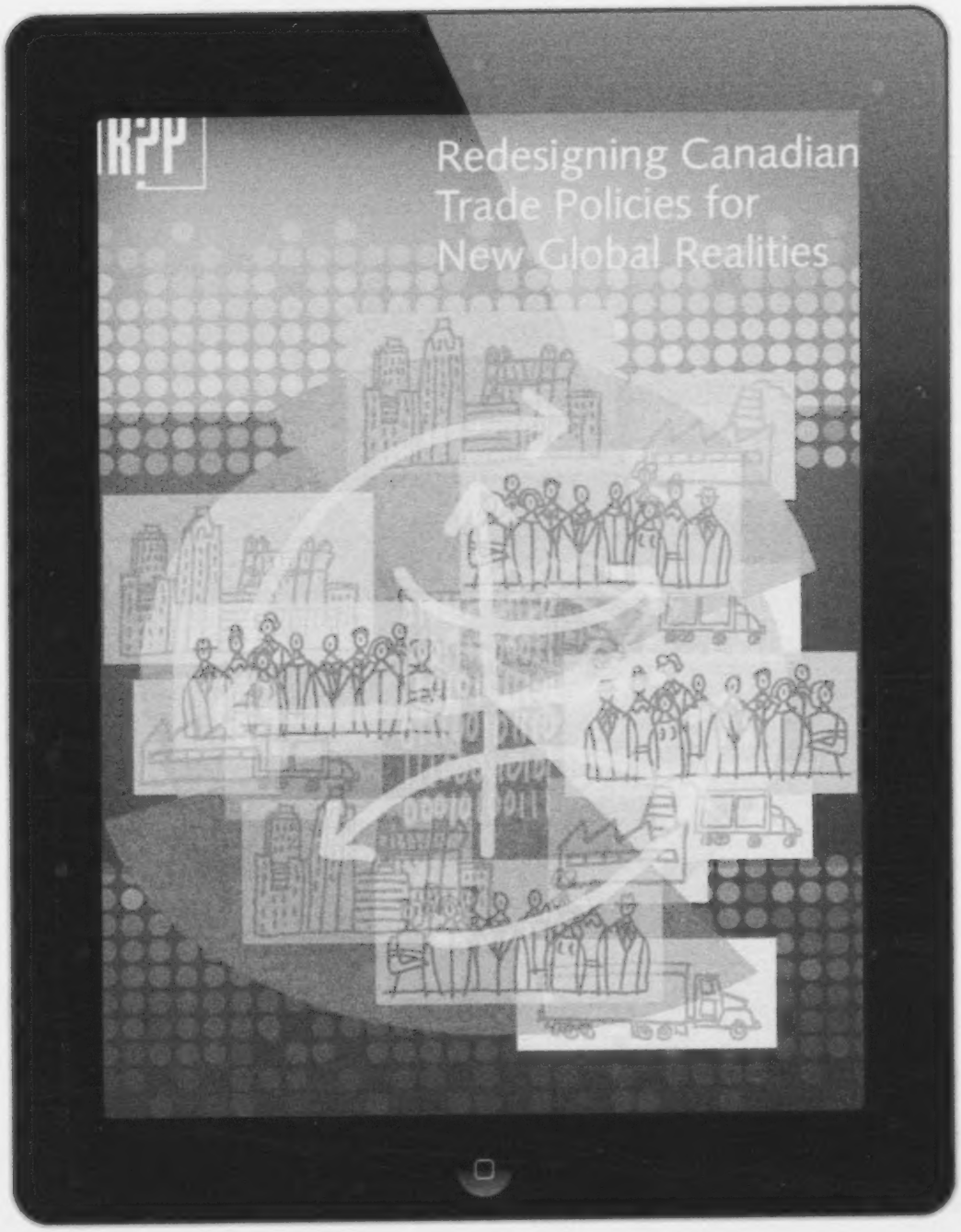
IRPP Study: *Does Canada Need Trade Adjustment Assistance?*
Dmitry Lysenko and Saul Schwartz
(December 1, 2015)

Report: *Finding the Right Balance: Policies to Combat White-Collar Crime in Canada and Maintain the Integrity of Public Procurement*
(March 10, 2016)

EVENT

Round table

"Assessing Canada's Policies on the Integrity Framework and Corporate Wrongdoing"
(November 12, 2015, Toronto)


IRPP
Redesigning Canadian
Trade Policies for
New Global Realities

SKILLS AND LABOUR MARKET POLICY

Research director TYLER MEREDITH

MEDIA MENTIONS

This research program aims to provide an integrated and long-term analytical perspective on the policy challenges that will arise over the next decade as Canadian labour markets respond to population aging, technological change and skill needs.

The Enabling Society

As changing demographics, globalization and rising income inequality bring the future of social policy to the forefront of public debate, the author of this essay, Peter Hicks, says that an entirely new framework is needed to replace Canada's outdated welfare state. He argues that people's access to benefits and programs should be in response to their unique needs and aspirations. Instead of addressing the broadly defined needs of broadly defined groups in a broadly uniform manner, Hicks envisions a citizen-centred approach to social policy supported by a system of "big statistics." Although governments have been slow to adapt and adopt them, significant advances in statistical tools and technology over the last several decades now allow us to integrate this evidence through the design, delivery and governance of social policy. He calls on governments to seize this opportunity to improve how they reach citizens, respond to their needs and achieve outcomes for and, especially, with them.

Onze propositions pour un meilleur régime d'assurance-emploi *[11-point plan for a better EI system]*

Michel Bédard and Pierre Fortin tackle the complex question of how to reform EI, the central pillar of Canada's labour market policy framework. They argue that due to a number of changes made over the last several decades, the program no longer adequately performs its basic mandate of providing temporary income assistance for the unemployed, even though its reach in other areas of social policy has steadily increased. The authors' 11-point plan entails a major but pragmatic restructuring of EI that would ultimately make it simpler, easier to access, more national in scope and less costly for employers.

POLICY IMPACT

Employment insurance
In 2015 we published two papers on the employment insurance (EI) program and, more broadly, the design of Canada's system of income and employment supports and skills policy. This work was particularly timely in the context of the federal election campaign, in which the three major parties committed to review the role of EI and increase investments in skills training and income support.

PUBLICATIONS

Policy Horizons Essay: *The Enabling Society*
Peter Hicks (April 9, 2015)

Repères IRPP : *Onze propositions pour un meilleur régime d'assurance-emploi*
Michel Bédard and Pierre Fortin
(July 23, 2015)

Report: *Leaving Some Behind: What Happens When Workers Get Sick*
Tyler Meredith and Colin Chia
(September 3, 2015)

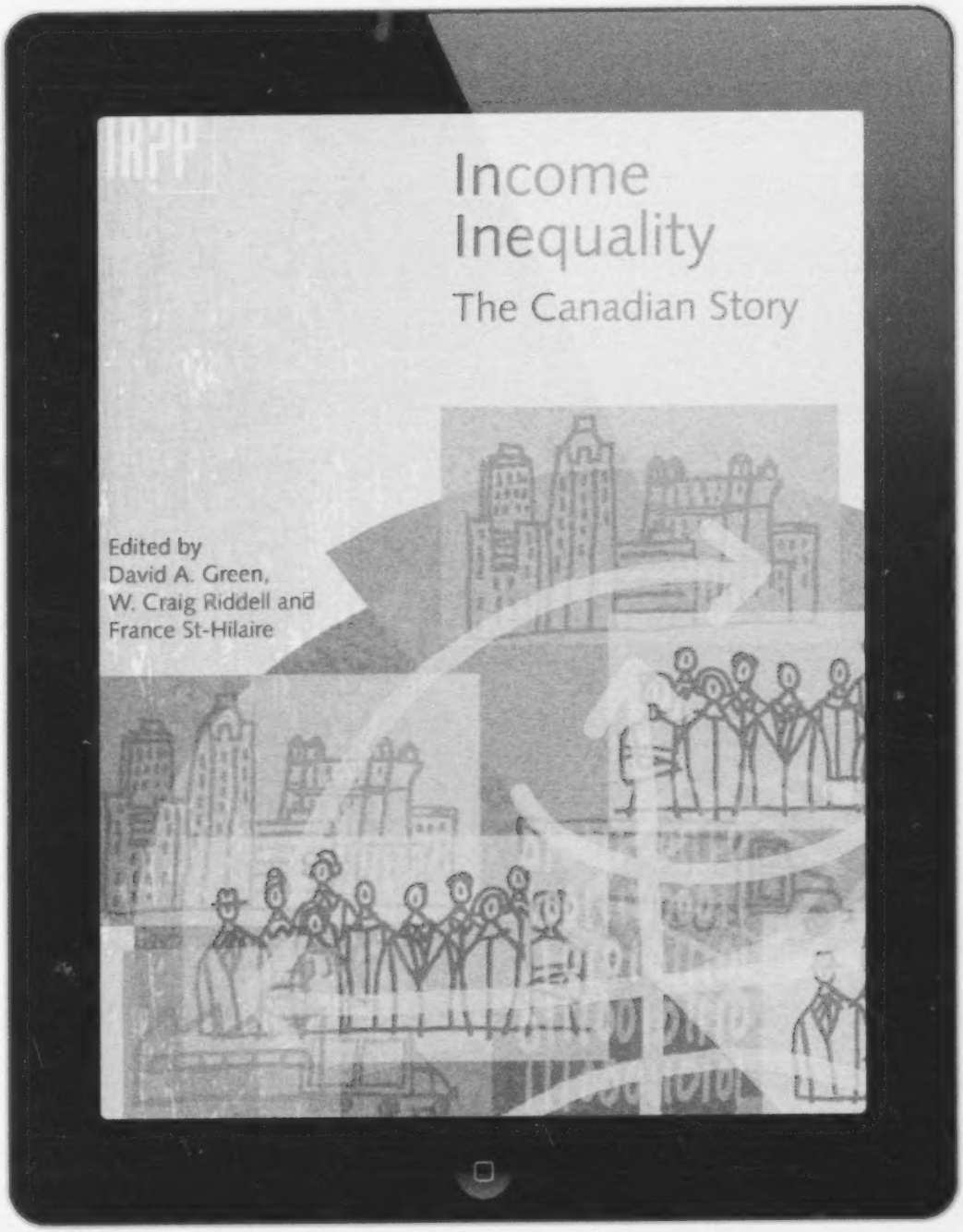
IRPP Study: *If at First You Don't Succeed: Toward an Adult Education and Training Strategy for Canada*
Torben Drewes and Tyler Meredith
(September 25, 2015)

EVENT

Round table
"Employment and Income Support for Persons Dealing with an Illness"
(June 17, 2015, Ottawa)

INCOME INEQUALITY

Research director FRANCE ST-HILAIRE



209 **MEDIA MENTIONS**

In the fall of 2013, the IRPP, in collaboration with the Canadian Labour Market and Skills Researcher Network (CLRSN), gathered 27 leading experts to examine income inequality trends in Canada and the factors contributing to its marked increase since the early 1980s, as well as the role of policy in addressing the problem.

This project aimed to address important knowledge gaps on the Canadian experience related to income inequality. It came to fruition just as the country was heading into a lengthy federal election campaign, during which income inequality became a major issue for many voters. In this context, our contributors' analysis of changing income dynamics among middle-class and top earners, wage and job polarization across provinces and the role of taxes and transfers in reducing inequality over the past several decades served to inform the debate at a critical juncture in Canadian politics.

This important IRPP-CLSRN research initiative culminated with the publication in February 2016 of the fifth volume in the Art of the State series, *Income Inequality: The Canadian Story*, edited by David A. Green, W. Craig Riddell and France St-Hilaire.

The IRPP hosted a book launch for the volume in Ottawa with Jean-Yves Duclos, Minister of Families, Children and Social Development as the guest speaker. The volume's editors were invited to present their conclusions to the Departments of Finance and of Employment and Social Development, followed by private briefing sessions with senior officials.

The book has received a number of review requests, is expected to be used as class material in university courses and is fast becoming an important resource for government policy advisers at all levels.

PUBLIC AND STAKEHOLDER ENGAGEMENT

Departments of Finance and of Employment and Social Development
Editors David A. Green, W. Craig Riddell and France St-Hilaire presented their conclusions and held private briefing sessions with senior officials.

Hill Times
France joined a diverse group of experts in a *Hill Times* Live Event, "A Disappearing Middle Class: Poverty, Growth and Income Inequality." The panellists discussed the challenges of inequality, both nationally and globally, and what Canada can do to tackle the issue.

POLICY IMPACT

Growing anxieties among Canadians about the economic prospects of the middle class were a major theme of the recent federal election campaign. This book helped clarify the facts on this complex and contentious issue and presented policy directions to consider going forward. The extensive media coverage generated by the project has helped draw the public's attention to the long-term societal implications of current inequality trends.

CHAPTERS AVAILABLE ONLINE

Income Inequality: The Canadian Story

"Framing the New Inequality: The Politics of Income Redistribution in Canada"
Keith Banting and John Myles (May 21, 2015)

"The Role of Taxes and Transfers in Reducing Income Inequality"
Andrew Heisz and Brian Murphy (June 4, 2015)

"Why More Education Will Not Solve Rising Inequality (and May Make It Worse)"
Kelly Foley and David A. Green (June 26, 2015)

"Who Are Canada's Top 1 Percent?"
Thomas Lemieux and W. Craig Riddell (July 9, 2015)

"Changes in Wage Inequality in Canada: An Interprovincial Perspective"
Nicole M. Fortin and Thomas Lemieux (September 24, 2015)

"Has the Canadian Labour Market Polarized?"
David A. Green and Benjamin M. Sand (September 24, 2015)

"Trends in Income Inequality in Canada and Elsewhere"
Andrew Heisz (September 24, 2015)

"Provincial Taxation of High Incomes: The Effects on Progressivity and Tax Revenue"
Kevin Milligan and Michael Smart (November 25, 2015)

PUBLICATION

Income Inequality: The Canadian Story
The Art of the State, volume 5, eds. David A. Green, W. Craig Riddell and France St-Hilaire (February 23, 2016)

EVENT

Book launch
"Income Inequality: The Canadian Story" (February 25, 2016, Ottawa)

POLICY OPTIONS

Editor-in-chief JENNIFER DITCHBURN

POLICY
OPTIONS
POLITIQUES
THE PUBLIC FORUM FOR THE PUBLIC GOOD
HOT TOPICS
SPECIAL FEATURES
PODCASTS
VIDEOS
ABOUT
IRPP
Letter from the Editor
Welcome to Policy Options
Every day, somewhere in this country, a public administrator, politician, corporate executive
leader or researcher is asking a colleague the question: What are the policy options? They
studying the challenges that face Canadians, whether those challenges be longstanding or
new, and they're developing innovative solutions and strategies. The options they choose b
the stuff of legislation, regulation, urban planning, taxation, diplomacy and workplace policy
other words, they are choices that ultimately affect us all.

Policy Options has been through a period of significant transition. This year, we completed the final steps to take it from a venerable print publication to what is now an engaging digital forum.

The new format has opened up a range of possibilities for drawing more Canadians into our discussions. For example, readers can download our podcast interviews with authors while they endure their daily commute. There are lively discussions of *Policy Options* articles on Facebook and Twitter, and *PO* articles are frequently referred to in major media outlets.

Since we are no longer tied to rigid print deadlines, our contributors can analyze and react quickly to public policy debates that are making headlines, whether they be on the federal budget, new legislation on physician-assisted dying or the latest international climate change meeting. Articles in the magazine regularly inspire interesting responses from other Canadian thinkers, who jump into the debate with their own writing.

At the same time, *Policy Options* continues to offer the in-depth, comprehensive articles that for decades have made it essential reading for decision-makers. Whenever possible, we also commission original articles that focus on people who are touched by major policy issues.

Thanks to the digital world, the reach of *Policy Options* has expanded, and so must the diversity of voices in our pages expand. Women and men of all backgrounds are researching and developing public policies, and those policies affect all Canadians. *Policy Options* will reflect this reality.

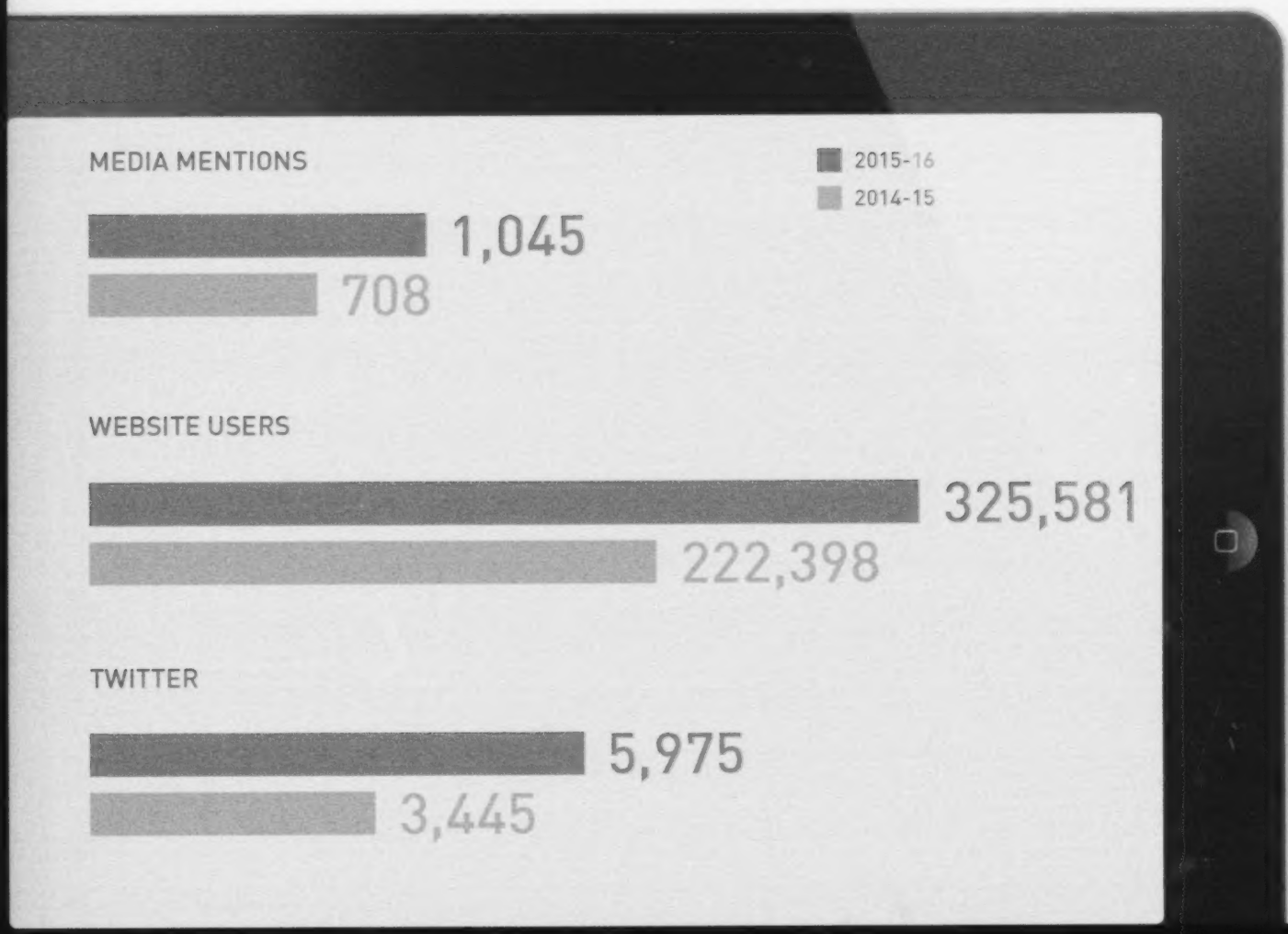
COMMUNICATIONS

Communications officer SHIRLEY CARDENAS
Web and communications assistant ALEX SHADEED

The IRPP's work continues to be prominent in media coverage of national policy debates. Our experts have been published in opinion pages from coast to coast, and they have been seen and heard on leading current affairs programs commenting on the top issues of the day.

This year the news coverage of our research increased by 48 percent, and there were 1,045 mentions of our work in newspapers and broadcasts across the country. Our website traffic increased by 46 percent, from 222,398 to 325,581 users, and this resulted in over 760,000 page views. Much of this traffic was generated by social media, which also saw increases across the board. Our Twitter following grew by 73 percent and our Facebook following by 68 percent.

Over the past year, we dramatically improved the design of our website to make it more user-friendly. We also produced new, dynamic content. We launched the *Policy Options* podcast, and we began employing infographics as a visual storytelling tool. Using these media helped us to bring together perspectives from across Canada on policy challenges facing our country and to extend those conversations into Canadians' homes, schools and workplaces.



OTHER PUBLICATIONS AND EVENTS

PUBLICATIONS

Report: *Making Better Use of Science and Technology in Policy-Making*
(March 8, 2016)

Report: *The Future of Leaders' Debates in Canadian Federal Elections*
(March 16, 2016)

EVENTS

Round tables
"Science, Technology and Public Policy"
(June 2, 2015, Toronto)

"Science, Technology and Public Policy"
(June 12, 2015, Montreal)

"Science, Technology and Public Policy"
(June 16, 2015, Ottawa)

Ian Murray, MP for Edinburgh South, Shadow Scottish Secretary
(March 7, 2016, Montreal)

CANADA'S CHANGING FEDERAL COMMUNITY

Round tables
October 13, 2015, Vancouver
October 14, 2015, Calgary
October 26, 2015, Montreal
October 29, 2015, St. John's

Colloquium
"The Future of Leaders' Debates in Canadian Federal Elections"
(December 5, 2015, Ottawa)

REPORT OF THE INVESTMENT COMMITTEE

Chair IAN D. CLARK / Members PATTI CROFT, MICHAEL DECTER, JOCK FINLAYSON, LEA HANSEN, MICHAEL KOERNER and BOB LUBA

The objective of the IRPP's Endowment Fund is to support the work of the Institute. The Investment Committee seeks to maintain the real value (after inflation) of the Fund so that it can continue to provide financial support to the Institute. The role of the Investment Committee is to advise the Board of Directors on the Institute's investment strategy; to consider and recommend the appropriate asset mix of the Endowment Fund; to select external investment managers and hold them accountable for their performance (both return and risk) in meeting the mandate objectives; and to act as a resource for the Board of Directors of the IRPP on investment-related matters.

The Committee and the Board have always recognized that supporting the current operations of the Institute and protecting the value of the Fund may be competing objectives. For this reason, through the years the Institute has used different approaches and formulas to determine the amount released annually from the Endowment Fund to support the Institute's operations. For example, beginning in 1987, the Board decided that rather than using the actual income generated by the Fund in any one year, the Institute would withdraw an amount equal to 5 percent of the average of the last three years of the Fund's capital value, measured at fiscal year-end. That amount was raised to 5.5 percent for 1997-2000 and 6 percent for 2005-07.

Following the global financial crisis of 2008-09, the Board decided to gradually reduce the rate of draw from the then 5 percent to the current 4 percent. At that same time, to reduce further the transmission of portfolio volatility onto the amount released annually from the Endowment Fund to support the operations, a modified Yale Formula was selected for the spending policy. This formula consists of taking 80 percent of the allowable spending in the prior fiscal year, increased by the rate of inflation (as measured by the Consumer Price Index) for the 12 months ending December 31; and 20 percent of the long-term spending rate applied to the four-quarter market average of the endowment for the period ending December 31 prior to the start of the current fiscal year.

In late 2012, the Committee decided to move away from balanced to specialty investment mandates and change the asset mix allocation from 60 percent equities and 40 percent fixed income to 70 percent equities (consisting of 30 percent Canadian, 20 percent US and 20 percent global) and 30 percent fixed income. To manage the equities portion of the portfolio, the Committee hired Burgundy Asset Management in January 2013. In June 2014, it hired Phillips, Hager and North Investment Counsel to manage the fixed-income portion.

For fiscal year 2015-16, the base draw from the Endowment Fund amounted to $1,716,765, an increase of $2,910 over the previous year and approximately 70 percent of operating costs. In addition, because of a decision the Board of Directors made in December 2014, effective for fiscal years 2015-16, 2016-17 and 2017-18, an additional $500,000 was drawn from the Fund as a temporary measure to allow management to focus on the long-term development of the Institute.

The Committee continued throughout 2015 to explore various options and strategies to increase risk-adjusted long-term returns. Weak Canadian equities — which partially offset a positive performance by US and foreign equities and bonds — resulted in a 0.7 percent increase before the investment fees and draw, and a 5.4 percent decline after the fees and draw for the year's operations, in the Endowment Fund's market value in 2015-16.

The Fund's combined market value amounted to $40,664,295 as of March 31, 2016. The asset mix is reported in the table on the following page.

ENDOWMENT FUND — ASSET MIX

			Range	Policy
	$	%	%	%
Canadian equities	11,336,304	27.9	25-35	30
US equities	8,740,204	21.5	15-25	20
Non-North American equities (EAFE)	8,769,050	21.6	15-25	20
Total equities	**28,845,558**	**71.0**	**60-80**	**70**
Enhanced total return bonds	9,296,872	22.9	-	22.5
Mortgages	2,521,865	6.1	-	7.5
Total fixed income	**11,818,737**	**29.0**	**20-40**	**30**
Total	**40,664,295**	**100**		

ENDOWMENT FUND — HIGHLIGHTS

	Fiscal year				
	2016	2015	2014	2013	2012
Market value	$40,664,295	$42,965,969	$39,535,138	$35,410,577	$34,404,126
Return (before draw and fees)	0.7%	14.0%	17.8%	8.6%	-0.5%
Return (after draw and fees)	-5.4%	8.7%	11.6%	2.9%	-6.3%
Spending (excludes fees)*	$2,216,765**	$1,713,855	$1,861,465**	$1,815,499	$1,951,570**
Operating budget	$2,410,034	$2,266,242	$2,268,301	$2,505,499	$2,186,073
Endowment Fund contribution	71.2% 91.9%**	75.6%	77.7% 82.1%**	72.5%	84.2% 89.3%**

*The amount drawn from the EF for operations is calculated using a modified Yale Formula.
**Includes an additional draw from the EF as authorized by the Board of Directors.

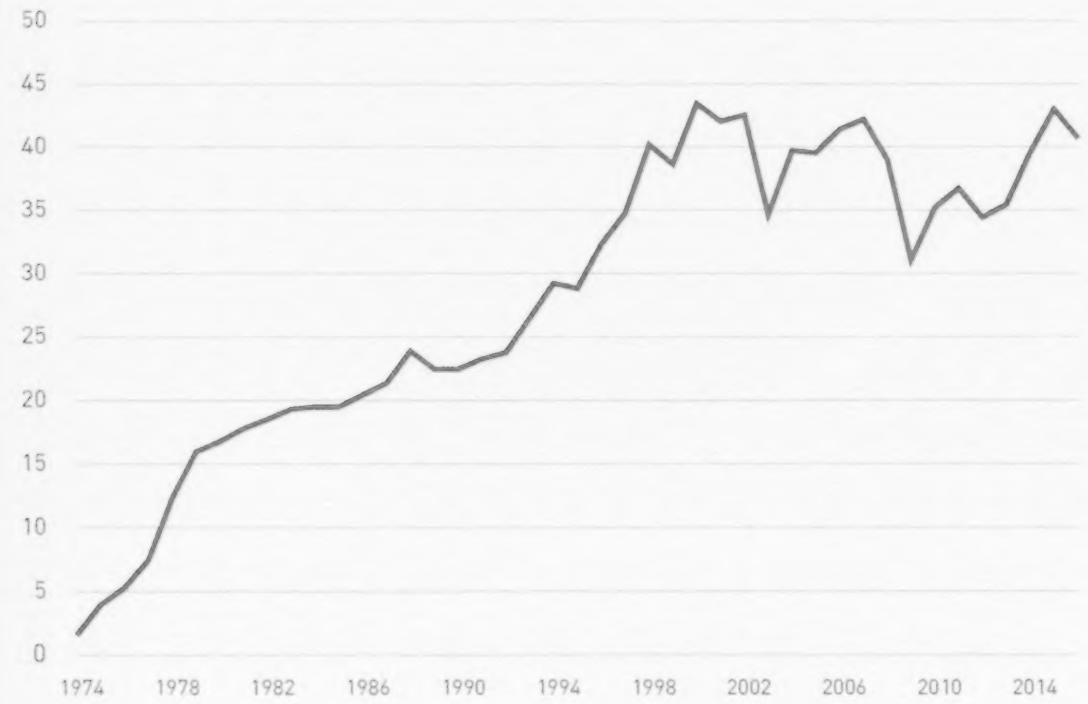
LONGER-RUN IRPP ENDOWMENT RETURNS

(compound annual average growth, after draw and fees)

Years	
1	-5.4%
2	1.4%
3	4.7%
4	4.3%
5	2.1%
10	-0.1%

VALUE OF THE IRPP ENDOWMENT, 1974-2016

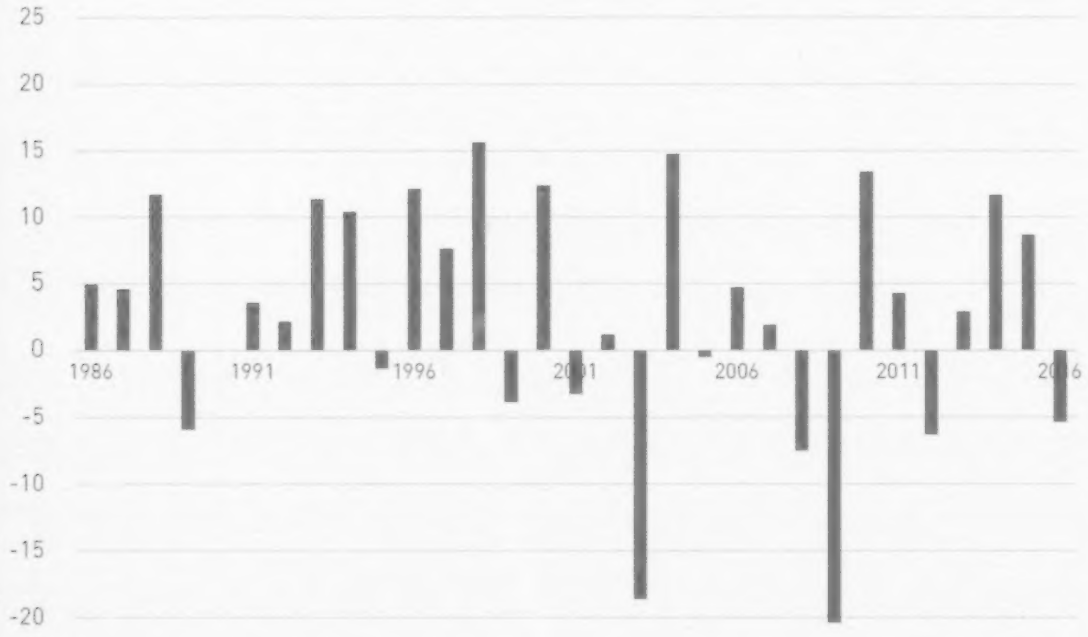
(millions of dollars)



Note: The exceptionally strong growth in the 1970s is due in part to major capital contributions.

GROWTH OF THE IRPP ENDOWMENT, 1986-2016

(annual percent change, after draw for operations and management fees)



INDEPENDENT AUDITOR'S REPORT

To the Directors of the Institute for Research on Public Policy

We have audited the accompanying financial statements of the Institute for Research on Public Policy, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Institute for Research on Public Policy as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Raymond Chabot Grant Thornton LLP[1]

Montréal
June 7, 2016

Raymond Chabot
Grant Thornton

[1] CPA auditor, CA public accountancy permit no. A119564

OPERATIONS

Year ended March 31, 2016 (in thousands of dollars)

	2016	2015
	$	$
REVENUES		
Net investment income (loss) (Note 5)	(4)	5,084
Other revenues		
Policy Options magazine	11	17
Policy Options advertising	9	43
Other publications	9	14
Contributions	165	454
Other		17
	194	545
EXPENSES		
General research and support services	1,813	1,781
Policy Options magazine	400	433
Other publications	53	25
Interest	6	9
Amortization of tangible capital assets	12	11
	2,284	2,259
Deficiency of revenues over expenses before net investment income (loss)	(2,090)	(1,714)
Excess (deficiency) of revenues over expenses	(2,094)	3,370

The accompanying notes are an integral part of the financial statements.

CHANGES IN NET ASSETS

Year ended March 31, 2016 (in thousands of dollars)

	Restricted for the financing of operating activities (Note 3)	Invested in capital assets	Unrestricted	2016 Total	2015 Total
	$	$		$	$
Balance, beginning of year	25,844	17	17,023	42,884	39,514
Excess (deficiency) of revenues over expenses		(12)	(2,082)	(2,094)	3,370
Investment in capital assets		5	(5)		
Obligation under a capital lease		(1)	1		
Transfer (Note 4)	(2,221)		2,221		
Balance, end of year	23,623	9	17,158	40,790	42,884

The accompanying notes are an integral part of the financial statements.

CASH FLOWS

Year ended March 31, 2016 (in thousands of dollars)

	2016	2015
	$	$
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	(2,094)	3,370
Non-cash items		
Net change in fair value of investments	1,648	(3,797)
Write-off of obligation under a capital lease	(4)	
Amortization of tangible capital assets	12	11
Net change in working capital items (Note 6)	(13)	(46)
Cash flows from operating activities	(451)	(462)
INVESTING ACTIVITIES		
Investments	(1,987)	(19,339)
Disposal of investments	2,597	19,748
Acquisition of tangible capital assets	(4)	(4)
Cash flows from investing activities	606	405
FINANCING ACTIVITIES		
Repayment of bank loan		(290)
Repayment of obligation under a capital lease	(1)	(2)
Cash flows from financing activities	(1)	(292)
Net increase (decrease) in cash	154	(349)
Cash (bank overdraft), beginning of year	(164)	185
Bank overdraft, end of year	(10)	(164)

The accompanying notes are an integral part of the financial statements.

FINANCIAL POSITION

March 31, 2016 (in thousands of dollars)

	2016	2015
	$	$
ASSETS		
Current		
Trade and other receivables (Note 7)	271	284
Prepaid expenses	9	15
	280	299
Long-term		
Investments (Note 8)	40,665	42,923
Tangible capital assets (Note 9)	12	20
Intangible asset (Note 10)	2	2
	40,959	43,244
LIABILITIES		
Current		
Bank overdraft (Note 11)	10	164
Trade payables and other operating liabilities (Note 12)	114	111
Subscription and sponsorship revenue collected in advance		35
Deferred contributions (Note 13)	45	45
Current portion of obligation under a capital lease		3
	169	358
Long-term		
Obligation under a capital lease		2
	169	360
NET ASSETS		
Restricted for the financing of operating activities	23,623	25,844
Invested in capital assets	9	17
Unrestricted	17,158	17,023
	40,790	42,884
	40,959	43,244

The accompanying notes are an integral part of the financial statements.

On behalf of the Board

Director

Director

NOTES TO FINANCIAL STATEMENTS

March 31, 2016 (amounts in tables are in thousands of dollars)

1 — GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Institute for Research on Public Policy is incorporated under Part II of the *Canada Corporations Act*. Its mission is to improve public policy in Canada by generating research, providing insight and sparking debate that will contribute to the public policy decision-making process and strengthen the quality of the public policy decisions made by Canadian governments, citizens, institutions and organizations. It is a registered charity under the *Income Tax Act*.

2 — SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Organization's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Organization's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value are recognized in operations in the year they are incurred.

Subsequent measurement

At each reporting date, the Organization measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets), except for pooled fund investments which are measured at fair value and bond investments which the Organization has elected to measure at fair value by designating that fair value measurement shall apply.

With respect to financial assets measured at amortized cost, the Organization assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Organization determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

Revenue recognition

Contributions

The Organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Magazine, advertising, other publications and other revenue

Magazine, advertising, other publications and other revenue is recognized once there is an agreement between the parties, services have been rendered, the price is fixed or determinable and collection is reasonably assured. The liability relating to the received but unearned portion of revenues is recognized in the statement of financial position as subscription and sponsorship revenue collected in advance.

In addition to the general principles described above, the Organization applies the following specific principles:

- Advertising revenue is recognized on a straight-line basis over the duration of the contract, once advertising is edited;
- Magazine and other publications revenue is recognized on a straight-line basis over the duration of subscriptions;
- Other revenue is recognized when it is earned.

Net investment income

Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting.

Net investment income includes interest income, dividend income and changes in fair value.

Interest income is recognized on a time apportionment basis, dividend income is recognized as of the ex-dividend date and changes in fair value are recognized when they occur.

With respect to investments measured at fair value, the Organization has elected to include in changes in fair value interest income (including amortization of bond investment premiums and discounts) and the interest in net income of pooled funds.

Tangible capital assets and intangible asset

Tangible capital assets and the intangible asset acquired are recorded at cost.

Amortization

Tangible capital assets and the intangible asset are amortized on a straight-line basis over their estimated useful lives at the following annual rates:

	Rates
Computer equipment and software	33%
Office equipment	20%

Write-down

When the Organization recognizes that a tangible capital asset or an intangible asset no longer has any long-term service potential, the excess of the net carrying amount of the tangible capital asset or the intangible asset over its residual value is recognized as an expense in the statement of operations.

Foreign currency translation

The Organization uses the temporal method to translate transactions denominated in a foreign currency. Under this method, monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at historical exchange rates, except those recognized at fair value, which are translated at the exchange rate in effect at the statement of financial position date. Revenues and expenses are translated at the exchange rate in effect on the date they are recognized, except for amortization of tangible capital assets translated at the historical exchange rates, which is

translated at the same exchange rates as the related assets. The related exchange gains and losses are recognized in the statement of operations for the year.

3 — RESTRICTIONS ON NET ASSETS

The net assets restricted for the financing of operating activities, and subject to internally imposed restrictions by the Board of Directors, must be maintained to finance the Organization's operating activities.

4 — TRANSFER

	2016	2015
	$	$
Amount obtained from the formula of endowment spending	1,717	1,714
Special amount approved by the board	500	
	2,217	1,714
Net investment income (loss)	(4)	5,084
	2,221	(3,370)

To finance the operating activities of the Organization, the Board of Directors authorizes an annual transfer of resources from restricted net assets to unrestricted net assets. This transfer of resources is determined using a formula approved by the Board of Directors.

5 — NET INVESTMENT INCOME (LOSS)

	2016	2015
	$	$
Investments measured at fair value		
Changes in fair value	(1,049)	4,436
Dividends	1,419	1,003
	370	5,439
Transaction costs	(374)	(355)
	(4)	5,084

6 — INFORMATION INCLUDED IN CASH FLOWS

The net change in working capital items is detailed as follows:

	2016	2015
	$	$
Trade and other receivables	13	23
Prepaid expenses	6	23
Trade payables and other operating liabilities	3	(104)
Subscription and sponsorship revenue collected in advance	(35)	21
Deferred contributions		(9)
	(13)	(46)

7 — TRADE AND OTHER RECEIVABLES

	2016	2015
	$	$
Trade accounts receivable	1	46
Accounts receivable on disposal of investments	145	143
Sales taxes receivable	62	62
Dividends receivable	63	33
	271	284

8 — INVESTMENTS

	2016	2015
	$	$
Equity and bond funds		
Canadian pooled equity funds	11,347	12,338
United States pooled equity funds	8,726	9,098
Other foreign pooled equity funds	8,773	9,155
Bond pooled funds	11,819	12,332
	40,665	42,923

9 — TANGIBLE CAPITAL ASSETS

			2016	2015
	Cost	Accumulated amortization	Net carrying amount	Net carrying amount
	$	$	$	$
Computer equipment	399	390	9	10
Office equipment	139	136	3	7
Asset under a capital lease				
Office equipment				3
	538	526	12	20

10 — INTANGIBLE ASSET

	2016	2015
	$	$
Software	2	2

11 — BANK OVERDRAFT

The line of credit, for an authorized amount of $470,000, is unsecured, bears interest at prime rate plus 1% (3.7%; 4% in 2015) and is subject to renewal in September 2016.

12 — TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	2016	2015
	$	$
Trade payables	114	111

Government remittances total nil as at March 31, 2016 and 2015.

13 — DEFERRED CONTRIBUTIONS

	2016	2015
	$	$
Fifth Decade Fund		
Balance, beginning of year	45	54
Amount recognized in operations		(17)
Amount received during the year		8
Balance, end of year	45	45

The Fifth Decade Fund represents amounts received and restricted for purposes specified by the president.

14 — FINANCIAL INSTRUMENTS

Financial risks

The Organization's main financial risk exposure is detailed as follows.

Credit risk

The Organization is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Organization has determined that the financial assets with more credit risk exposure are trade and other receivables, except for sales taxes receivable, since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Organization. Additionally, the pooled fund investments also indirectly expose the Organization to credit risk.

The credit risk regarding cash is considered to be negligible because it is held by reputable financial institutions with an investment grade external credit rating.

Market risk

The Organization's financial instruments expose it to market risk, in particular, currency risk, interest rate risk and price risk, resulting from its operating, investing and financing activities:

– Currency risk

As at March 31, 2016, the Organization is exposed to currency risk due to cash denominated in US dollars totalling $4,082 ($9,100 as at March 31, 2015);

– Interest rate risk

The Organization is exposed to interest rate risk with respect to financial assets and liabilities bearing fixed interest rates.

The bank overdraft and the obligation under a capital lease bear interest at a fixed rate and the Organization is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

Additionally, the pooled fund investments also indirectly expose the Organization to interest rate risk;

– Price risk

The Organization is exposed to price risk due to pooled fund investments since changes in market prices could result in changes in fair value or cash flows of these instruments.

Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the statement of financial position.

Carrying amount of financial assets by category

The carrying amount of the Organization's financial assets that are measured at amortized cost totals $209,000 ($141,000 as at March 31, 2015), whereas the carrying amount of financial assets measured at fair value totals $40,665,000 ($42,923,000 as at March 31, 2015).

15 — COMMITMENTS

The Organization has entered into long-term lease agreements and a service contract expiring by 2022 which call for payments of $486,000 for the rental of equipment and office space and services. Minimum lease payments for the next years are $91,000 in 2017, $93,000 in 2018, $89,000 in 2019, $89,000 in 2020, $88,000 in 2021 and $36,000 in the following years.

1470 Peel St. #200
Montreal, Quebec
Canada H3A 1T1

T (514) 985-2461
F (514) 985-2559
irpp@irpp.org
irpp.org